

**ARIZONA COLORADO RIVER SHORTAGE
SHARING WORKSHOP**
January 24, 2006

Date: January 27, 2006

Subject: Report from January 2006 Workshop

Summary: The agenda for the January 24, 2006 shortage workshop included review of the stakeholder working recommendation on shortage sharing, a briefing on the most recent basin states meeting and briefing on the work of the basin states technical workgroup.

1. Review Working Draft Stakeholder Recommendation

Copies of the Working Draft Stakeholder Recommendation were available for review by the Workgroup. At the last meeting the Workgroup discussed the process for the adoption of shortage criteria through preparation of an Environmental Impact Statement and issuance of a Record of Decision. The Workgroup also discussed the extent of the Secretary's discretion regarding implementation of shortage reductions. Peter Culp and Marvin Cohen drafted language to capture the position of the workgroup with regard to these issues. The revised recommendation was distributed for review and comment.

Larry Dozier noted that two of the assumptions the Arizona Workgroup included in the October recommendation, have changed. Those assumptions pertain first to the term of the recommendation; the Basin States are now discussing operational changes that are expected to be effective through 2026, and second to the minimum objective release from Lake Powell; the recommendation supports the current minimum objective release of 8.23 maf. The Department will craft new language to keep track of the changing assumptions coming from the Basin States discussion process.

2. Basin States Meeting

Tom Carr noted that copies of the letters responding to the last round of Reclamation scoping, including many letters from Arizona providers, will be available on the Department website. The Arizona Shortage Workshop information will soon be moved from the Arizona Water Banking Authority website to the Arizona Department of Water Resources website.

The Lower Basin States discussions have resulted in agreement that any shortage reduction must be shared with Mexico and shortage criteria must reduce the probability of shortage to the Lower Basin. Nevada needs additional flexibility in order to bridge the gap between their current supply and future supplies that they are planning to bring on-line. Nevada is pursuing importation of groundwater from basins that are not tributary to the Colorado River, but they need a way to account for this water separate from water under the jurisdiction of the Decree. Nevada does not

want to take Virgin River development off of the table, but would consider another “bridge” supply like terminal storage, if it were available. The bridge supply would be needed through 2015.

California would like to bank water saved from within their basic 4.4 maf entitlement, in Lake Mead. This is not consistent with the Decree. California wants shortage criteria that absolutely protect their full entitlement; they believe that development of a water supply from the Virgin River and the shortage criteria recommended by Arizona pose some risk that shortage reductions may impact California water users at some time in the future. California wants Intentionally Created Surplus (ICS) criteria that allow direct augmentation of the system and utilization of unused entitlement. A forbearance agreement would be needed to recover this water, and criteria would have to be developed to specify the total storage quantity, and to limit what could be stored and withdrawn annually. Arizona continues to push for a reasonable shortage implementation plan that will not result in catastrophic impacts to Arizona water users. Augmentation and ICS proposals must provide some overall benefit to the river by increasing the amount of system water.

There are a number of proposals that are being considered by the Lower Basin States at this time. Arizona would like to see a change in the Interim Surplus Guidelines to reduce surplus deliveries. A linkage should be made between non-flood control/spill avoidance surplus deliveries and system augmentation. There are a number of augmentation strategies still being discussed including water importation, extraordinary conservation (land fallowing), and system conservation (terminal storage).

The Seven States have agreement on the concept of conjunctive management of the reservoirs, but have not been able to agree on specific criteria. There is agreement to avoid curtailment in the Upper Basin and to abide by new operational criteria, with the opportunity to come back to the table if we encounter problems during implementation. The 602(a) storage algorithm would continue as a default operational parameter (it is not a part of the conjunctive management concepts currently being modeled), with the proviso that the Lower Basin states may still challenge the legality of the algorithm if it is reinstated in the future.

Key dates in the Reclamation Environmental Impact Statement (EIS) process are as follows: February 4, 2006 deadline for the states to submit a proposal for the development of an alternative for the Draft EIS; late February 2006 deadline for Reclamation to develop the scope of the EIS; September 2006 deadline for Reclamation to release the Draft EIS.

3. Seven States Technical Workgroup

The seven Basin States technical group continues to meet and to analyze operational alternatives that may accomplish the dual objectives of minimizing shortage impacts to the Lower Basin States and minimizing the likelihood of a compact call in the Upper Basin. Tim Henley provided a handout of the range of operational alternatives that are currently being analyzed. The BS2 alternative is the most beneficial to the Upper Basin States; BS5 is the most beneficial to the Lower Basin States. These two scenarios are similar, but for Lake Powell elevations below 3550, BS5 includes a trigger that increases release to 8.23 if Lake Mead falls below elevation 1025. California continues to push for a change in the Arizona recommendation that would initiate shortage reductions at a Lake Mead elevation of 1100 feet.

4. Other Issues

The Director has asked that a small group get together to discuss shortage sharing between fourth priority Colorado River water users and the CAP. The group is to identify issues and brainstorm options/alternatives that may lead to a recommendation. The Department is trying to schedule a meeting in late February or early March. Issues, options and alternatives will then be presented to the full Arizona Shortage Workgroup.